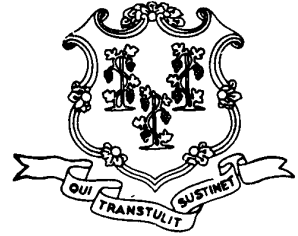


Department of Consumer Protection



Testimony of Jonathan A. Harris Commissioner of Consumer Protection Planning and Development Committee February 19, 2016

Briefing to the Committee on Failing Concrete Foundations

Senator Osten, Representative Miller and Honorable Members of the Planning and Development Committee, good morning, I am Jonathan Harris, the Commissioner for the Connecticut Department of Consumer Protection. Thank you for this opportunity to brief you on what the Department of Consumer Protection is doing with regard to failing concrete foundations.

At the request of Governor Dannel P. Malloy and Lieutenant Governor Nancy Wyman, DCP and the Office of the Attorney General are conducting an investigation into the many complex issues relating to failing concrete foundations. We are collecting, reviewing and analyzing information from homeowners about their foundations; putting a lot of time and resources into this investigation, which is proceeding deliberately and on schedule.

The focus of our efforts is to determine if grounds exist to initiate legal action under the Connecticut Unfair Trade Practices Act (CUTPA) against one or more entities for problems relating to the manufacture, sale or installation of concrete foundations in Eastern Connecticut. While it is too early to determine whether the facts support a CUTPA claim, the investigation will also likely produce information that may help create solutions to address this serious issue. We will continue to ensure that this process is as transparent as it can be while, still preserving the integrity and effectiveness of the investigation.

The investigation has continued to make steady progress and the state has continued its outreach efforts in the following ways:

- In November 2015, DCP, the Office of the Attorney General and the Connecticut Insurance Department took part in an informational meeting with homeowners, engineers and contractors to provide an update on the investigation;
- The state has hired a civil engineer whose area of expertise is concrete. Our expert and his team are taking core samples from crumbling foundations in Eastern Connecticut and are testing and analyzing them to determine the cause of the deterioration and help determine how many homeowners are impacted. Our expert is on schedule to share preliminary results from this testing in the spring of this year;
- As part of our investigation, representatives from our agencies have spoken with about 200 people, including homeowners, contractors, engineers, and other industry experts, to gather information and to further our understanding of the scope of the concrete problems; and
- The Department of Consumer Protection has issued 29 subpoenas to insurance companies with the goal of obtaining any information to support our investigation. The inquiry of the insurance companies is not directed at them as parties of interest, but rather is intended for information-gathering purposes.

Updates on the investigation have been provided to, and discussed with the Governor and Lieutenant Governor's offices, as well as the offices of Senators Blumenthal and Murphy, Representatives Courtney and Larson, the state legislative delegation and municipal officials in the affected region, and representatives from the Insurance Department and Department of Banking.

We continue to encourage homeowners to reach out to DCP with any new information or questions they may have, and to file a complaint with our office if they have not already done so.

In addition to the complaint to DCP, we are also strongly encouraging homeowners who believe they are affected, to promptly review their homeowner's policy and/or consider having their insurance agent, lawyer or other qualified insurance professional review it to determine when they should put their insurance company on notice of any problem with their foundation by making a claim of loss and cooperating in any investigation the company may undertake. We've created a brochure for homeowners, which can be accessed at www.ct.gov/dcp/lib/dcp/ConcreteBrochure.pdf.

We are providing updated information about this issue on our website, www.ct.gov/dcp/concrete, and we've created a dedicated email address, dcp.concrete@ct.gov, which we encourage anyone who has questions or information to use. The Department has also issued an advisory to home inspectors to remind them to be especially diligent in their inspections of existing residential home foundations.

Also, we are working collaboratively with the Insurance Department. They issued a directive for insurers to not take any action to cancel or non-renew an affected homeowner's insurance coverage as a result of a foundation found to be crumbling or otherwise deteriorating. That directive can be found at www.ct.gov/cid/lib/cid/FoundationNotice2015.pdf. The Insurance Department is also

available to talk with consumers about any questions they have regarding their individual insurance policies at 1-800-203-3447.

We understand the urgency of this issue and will continue to use as many resources as we have available to make progress in this investigation in a swift manner.